Non-profit, non-partisan- Supported by school district contributions- School finance analysis for local and state policy makers since 1995- Governed by a board comprised of national and state experts on school finance

**Our Mission:** To compile, collect and distribute research-based, non-partisan information and data on topics related to school finance for state and local policymakers.
Aurora’s students

• Total Funded Pupil Count- 38,451
• 71.4% eligible for free and or reduced lunch (26,195 students)
• 14% Students receiving Special Education services (5,243 students)
• 38% Emerging Bilingual students (14,777 students)
• 4% Students eligible for Gifted Education services (1,543 students)

*Data from CDE
Per Pupil Revenue:
• $10,865 (before BS Factor)
• $10,292 (after BS Factor)

2021-2022 Total Program Mills: 27.000
2021-2022 Total Bond Mills: 23.000
Override Mills: 27.697

1 mill raises $3,719,003 or $98 per student

*Data from CDE and legislative council
• Learn about your school district’s budget and audit process
  • What policies are in place?
  • Do you have a financial advisory committee or an audit committee?
  • How do you engage with your community in the budget process?
  • What is your budget timeline?

• How do you engage with District Accountability Committee?
District Budget Process: begins in fall of year for the next fiscal year beginning on July 1.

Department (CDE) hearings for budget requests – State Process

Legislature convenes in January – School districts are ½ way through their fiscal year.

School districts begin budget process for next year and determine hiring - prior to the end of the legislative session.

Creates potential problems for school districts with last minute legislative decisions.
How Schools are funded in Colorado

Revenue Sources for School Finance

LOCAL

PROPERTY and OWNERSHIP TAXES
Approximately $3 billion

STATE

GENERAL FUND and STATE ED Fund
Approximately $4 billion

TOTAL PROGRAM

OUTSIDE THE FORMULA REVENUE:
- Federal Funds 5%-6% annually, targeted populations
- Categoricals – General Fund and State Ed Fund
- Stimulus Funds- ONE-TIME dollars with targeted uses for COVID-19

How Revenue is Distributed to Colorado Schools

School Finance Act

ENROLLMENT X FACTORS:
Size, At-risk (free lunch and some emerging bilingual), Cost of Living
MINUS (Budget Stabilization Factor)

TOTAL PROGRAM FUNDING

Distributes majority of $7+ billion
BASE Per-pupil Allocation ($7083.61)

OUTSIDE THE FORMULA:
- Categorical Funding $311,871,933 Every district receives an allocation
  - For special education, emerging bilingual, gifted and talented, career and technical education students, transportation and small attendance centers
- Grants, Local District and Individual School Fundraising, Foundation Support and Local Overrides- These VARY greatly district to district across the state and in many cases are targeted for specific programs for a limited amount of time.
Mill levies are dollars raised locally by property taxes (local share).

Local property taxes go toward school finance.

Mill levies may be additional dollars called “override” (MLO):
- Outside of the formula
- Voter approved

Mill levies may be for bonds to build or repair schools:
- Voter approved
How are mills calculated?

Actual Value of Home = $200,000

Residential Assessment Rate (RAR) = 7.15%

Home value x RAR =

Total Assessed Value = $14,300

Total Assessed value x mill levy = taxes paid (mill levies vary by district)

December 6, 2022
How are mills calculated?

Actual Value of Non-residential = $200,000

Non-residential Assessment Rate (RAR) = 29%

Non-residential x RAR =

Total Assessed Value = $58,000

Total Assessed value x mill levy = taxes paid (mill levies vary by district)
State & Local Share Varies (by design)

Aurora:
Local: 27%
State: 73%

District A

LOCAL SHARE
Local District Taxes:
Property Taxes
Ownership Tax

STATE SHARE
State Taxes:
General Fund
Education Fund

District B

LOCAL SHARE
Local District Taxes:
Property Taxes
Ownership Tax

STATE SHARE
State Taxes:
General Fund
Education Fund

December 6, 2022
Mill Levies must be certified by December 15\textsuperscript{th} and reported to county.

Certification includes – total program, override mill levies, bond and hold harmless

Mill Levy correction-
- \(2^{\text{nd}}\) year of implementation
- Most districts will be removing 1 tax credit
- Will result in more local dollars for total program
Elements of School Funding

Base Funding – what does the base represent?

What are adjustments or weights for students?

What are adjustments or weights for school districts?

What isn’t included in the formula currently?

What might be included in a formula?
Base Funding

• Starting point annually for every school district

• *Should* represent what it costs to educated a student with no special needs in a district with no special circumstances
  • Colorado has never done this analysis, but other states have

• Colorado’s base uses inflationary adjustment each year
Adjustments, factors or weights

• Finance formulas adjust for student AND district characteristics, or things districts have no control over

• Current formula adjusts for:
  • At-risk (student)
  • English Learners (student)
  • Size (district)
  • Cost of living (district)
  • Personnel costs (district)
  • Budget stabilization factor (reduces amount going to school districts)
School District Funding

First dollars into funding is local share, property tax and ownership fees

State backfills the difference to equalize starting point for every district

The Budget Stabilization Factor is applied and reduction made against the factors
Since 2009 Aurora has lost ($477,973,901) to the Budget Stabilization Factor.

In the 2022-23 school year Aurora will lose ($15,120,770) due to the Budget Stabilization Factor.
TRENDS IN PER PUPIL SPENDING:
COLORADO VS. NATIONAL AVERAGE FY 1996-2020

According to 2020-21 data, Colorado spends between $1,890 and $2,300 less than the national average.

Data Sources: Education Week Quality Counts 2021, US Census Bureau Public Elementary-Secondary Education Finances by State, NCES Revenues and Expenditures for Public Elementary and Secondary Education FY20

*Years with Budget Stabilization Factor in Colorado
What items are funded outside the formula?

• School districts also receive categorical dollars, additional dollars for:
  • Special Education students
  • English Learners
  • Gifted and Talented students
  • Career and Tech students
  • Transportation

• School districts do not receive enough revenue to cover costs of these programs
Student need has changed
Requires more services-this costs more $

Students of poverty are 39.1% of population
- Approximately $.30 of every $1.00 is state funded

Students learning English are 12.5% of population
- Approximately $.20 of every $1.00 is state funded

Students with special needs are 11.6% of population
- Approximately $.30 of every $1.00 is state funded

Gifted students are 7.3% of population
- Approximately $.15 of every $1.00 is state funded

December 6, 2022
How are dollars distributed? Why do they change mid-year?

• Dollars are distributed through the school finance act

• Monthly distribution of revenue comes from CDE (unless total locally funded)

• The “supplemental process” begins in January, after October count and changes in local share are taken into account by the state
• There are minimal state dollars for funding facilities.

• Building Excellent Schools Today (BEST)
  • Available for districts who have low AV wealth
  • Distributed in a grant process from the state

• Majority of funding is completely locally dependent upon community support – Bond elections
Other funding for school districts – not every district receives

- Grants
- Local fund raising
- Override dollars – local mill levy elections – dependent upon AV wealth and community support
• December 20th state revenue forecast
• Re-write of school finance act
• Universal Pre-school
What can the state afford to pay for K-12 in 2023?

- Inflation – averaging by quarter – running at 8% so far – state needs $700 million just for inflation for K-12 – this doesn’t include enrollment changes – this keeps B/S factor same

- Tabor rebates continue to total over $5 billion during the forecast period
• Inflationary pressures on General Fund.
• Still predicting “fiscal cliff” in 2024
• Inflation for 2023-24 estimating 5.5%
• Economy slowing
• ESSER $ gone September 30, 2024
• Has been meeting for past 5 years:
• Has added $80 million to SPED
• Has commissioned a study by Urban Institute to change formula for at-risk to include direct certification, Medicaid, Socio-economic indicators by community. This will impact 2023-24 budget
• How to count students? Should districts be able to have 5 year averaging?
• Rural districts – should there be other distinctions?
• Cost of Living – should dollars be removed from this factor and placed somewhere else?
Universal Pre-School, (UPK)

• New department established 2022
• Student count for UPK not part of K-12 anymore
• Current allocation of “slots” goes away
• This is a mixed delivery system that parents sign up for through new department not your district
• Each district is part of a Local Community Operator (LCO) –
• Each LCO will place students based on parent request in facility for operation
• Each LCO will have an established rate that will fund the operations – for 10 to 30 hours of service a week.
• Funding will vary – students will need to qualify for additional time
<table>
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<tr>
<th>LCO</th>
<th>2023-2024 Part-Time Rate (10h)</th>
<th>2023-2024 Half-Day Rate (15h)</th>
<th>2023-2024 Additional Hours Rate (15h)</th>
<th>2023-2024 Full-Day Rate (30h)</th>
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<td>Arapahoe County Early Childhood Council</td>
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Tracie Rainey
• T.Rainey@cosfp.org
• 303-860-9136

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